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RECORDATION NO.

17237-F
FILED

June 20, 2008

JUN 20 '08 -11 5 0 AM

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

SURFACE TRANSPORTATION BOARD

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Assignment and Assumption Agreement, dated as of June 20, 2008, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents previously filed with the Board under Recordation Number 17237.

The names and addresses of the parties to the enclosed document are:

Seller/

Assignor:

Babcock & Brown Rail Funding LLC
885 Second Avenue, 49th Floor
New York, NY 10017

Buyer/

Assignee:

Texas Railcar Leasing Company
3900 North 10th Street Suite 1080
McAllen, TX 78501

Anne K. Quinlan, Esquire
June 20, 2008
Page 2

A description of the railroad equipment covered by the enclosed document
is:

143 railcars within the series CRDX 9200 - CRDX 9398 as more
particularly set forth in the attachment to the document.

A short summary of the document to appear in the index is:

Assignment and Assumption Agreement.

Also enclosed is a check in the amount of \$35.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/sem
Enclosures

JUN 20 '08 -11 5 0 AM

SURFACE TRANSPORTATION BOARD

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement, dated as of June 20, 2008 (this "Agreement"), is between Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Seller"), and Texas Railcar Leasing Company, a Texas corporation (the "Buyer").

Witnesseth:

WHEREAS, the Buyer and the Seller have entered into that certain Purchase Agreement dated as of June 20, 2008 (the "Purchase Agreement"), providing for the purchase of the Ownership Interest by the Buyer from the Seller, subject to the terms and conditions set forth therein; and

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Agreement by the Seller and the Buyer on the date hereof.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in Section 4 of this Agreement.

2. Assignment. Effective as to each item of Equipment on the Closing Date, the Seller sells to the Buyer all of the Seller's rights, title and interest, except as reserved under Section 2.1 of the Purchase Agreement, in and to such item and assigns to the Buyer all of the Seller's rights and obligations, except to the extent constituting Existing Obligations, under each of the agreements listed on Exhibit A hereto as they relate to the applicable Equipment and all of the other agreements and documents listed in Schedule 1 to the Purchase Agreement (collectively, the "Assigned Operative Agreements"), together with any and all security deposits held by the Seller with respect to the Assigned Operative Agreements and any and all assignable and subsisting warranties and indemnities given by any manufacturer or supplier of any unit of Equipment or part thereof. Notwithstanding the foregoing, the Seller shall continue to be entitled to the benefit of any rights to indemnification for tax and other matters which arose or may arise from or be related to any event or circumstance occurring or in existence prior to the Closing Date, as specified in the Purchase Agreement.

3. Acceptance of Assignment; Assumption of Obligations; Effect of Assignment. The Buyer accepts the assignment contained in Section 2 hereof and, in respect of the period on and after the Closing Date, assumes all obligations of the Seller under, and agrees to be bound to the same extent as the Seller by all the terms of, the Assigned Operative Agreements. Effective on and after the Closing Date, the Buyer shall be deemed to stand in the place of the Seller for all purposes under the Assigned Operative Agreements and each reference in the Assigned Operative Agreements to the Seller shall be deemed to mean the Buyer. The Seller, in respect of the period on and after the Closing Date, is released of all obligations of the lessor under the Assigned Operative Agreements, except to the extent constituting Existing Obligations.

4. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below whenever used in this Agreement (terms defined in the singular to have a correlative meaning when used in the plural and vice versa).

Bill of Sale: as to any one or more items of Equipment, a bill of sale in the form of Exhibit B hereto.

Closing Date: as to any one or more items of Equipment and related Ownership Interest, the date of the Bill of Sale with respect thereto.

Equipment: the items of equipment listed on Exhibit A hereto, together with each and every part, accessory, component and any equipment installed therein or attached thereto owned by the Seller (individually such railcars shall be referred to as an "item" or "items of Equipment").

Existing Obligations: any and all liabilities and obligations of Seller under the Ownership Interest, including the Assigned Operative Agreements, or otherwise relating to the Equipment in each such case, to the extent arising or occurring prior to the Closing Date (whether or not asserted or assessed), and, with respect to the obligations, to have been performed by Seller prior to the Closing Date.

Ownership Interest: the Seller's rights, title and interest in and to the Equipment and the Seller's rights and obligations under the Assigned Operative Agreements, except the Existing Obligations.

5. Amendments. No provision of this Agreement may be amended, modified or waived except by written agreement duly executed by each of the parties hereto.

6. Notices. All notices, requests or other communications to or upon any party hereto in connection herewith shall be given in the manner prescribed by Section 9.5 of the Purchase Agreement.

7. Headings. The section headings used in this Agreement are for convenience of reference only and shall not be used or construed to define, interpret, expand or limit any provision hereof.

8. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal substantive laws of the State of New York, without giving effect to the conflict of law rules thereof, other than Section 5-1401 of the New York General Obligations Law.


10. Recordation. The Seller and the Buyer agree to record this Agreement with the Surface Transportation Board to evidence the assignment by the Seller to the Buyer of the

Seller's rights and obligations under the Lease, which shall have been recorded with the Surface Transportation Board.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

TEXAS RAILCAR LEASING COMPANY,
as Buyer

By: 
Name: H. Christian Schmalbruch
Title: President

BABCOCK & BROWN RAIL FUNDING LLC,
as Seller

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

TEXAS RAILCAR LEASING COMPANY,
as Buyer

By: _____
Name:
Title:

BABCOCK & BROWN RAIL FUNDING LLC,
as Seller

By: Brian J. Lann
Name: Brian Lann
Title: VP

State of Illinois)
)
County of DuPage)

On this, the 13 day of June, 2008, before me, a Notary Public in and for said County and State, personally appeared H. Christian Schmalbruch, the President of Texas Railcar Leasing Company, who acknowledged himself to be a duly authorized officer of Texas Railcar Leasing Company, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Christine M Gericke
Notary Public

My Commission Expires: 8/14/2011

Residing in: Hinsdale, IL 60521



State of New York)
)
County of New York)

On this, the 17th day of June, 2008, before me, a Notary Public in and for said County and State, personally appeared Brian Conn, the Vice President of Babcock & Brown Rail Funding LLC, who acknowledged himself/herself to be a duly authorized officer of Babcock & Brown Rail Funding LLC, and that, as such officer, being authorized to do so, he she executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Clementina Capasso
Notary Public

My Commission Expires: **CLEMENTINA CAPASSO**
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA8120808
Residing in: **QUALIFIED IN NEW YORK COUNTY**
MY COMMISSION EXPIRES DEC. 27, 2008

Exhibit A
(to Assignment
and Assumption Agreement)

EQUIPMENT AND LEASES

<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
Tate & Lyle	569	1990	17,574-gallon insulated and exterior coiled tank cars	STSX 1500 – 1525, inclusive; 1527 – 1536, inclusive; 1538, 1540 – 1604, inclusive; 1606 – 1652, inclusive; 1654 – 1661, inclusive; 1663 – 1696, inclusive; 1698 – 1701, inclusive; 1703 – 1736, inclusive; 1738 – 1773, inclusive; 1775 – 1778, inclusive; 1780 – 1868, inclusive; 1870 – 1877, inclusive; 1879 – 1968, inclusive; and 1970 – 2082, inclusive.	STSX 1774, 1878
Chicago Freight Car Leasing Co.	143	1989	3,000 cubic foot cement covered hoppers railcars	CRDX 9200, 9202 – 9205, inclusive; 9207 – 9245, inclusive; 9248 – 9258, inclusive; 9260 – 9281, inclusive; 9283 – 9319, inclusive; 9370 – 9398, inclusive.	CRDX 9201, 9206, 9246, 9247, 9259, 9282, 9399

Lease #1 – Tate & Lyle

Master Net Railcar Lease dated as of December 2, 2005, between Babcock & Brown Rail Funding LLC (as ultimate assignee of Babcock & Brown Rail Leasing Co.) and Tate & Lyle, to the extent the same relates to the Equipment subject to Lease #1.

Schedule No. 01 dated as of December 2, 2005 to that certain Master Net Railcar Lease dated as of December 2, 2005, between Babcock & Brown Rail Funding LLC (as ultimate assignee of North American Rail Leasing # 3 LLC (d/b/a Babcock & Brown Rail Leasing)) and Tate & Lyle.

Memorandum of Net Railcar Lease dated as of December 2, 2005 between Babcock & Brown Rail Funding LLC (as ultimate assignee of North American Rail Leasing # 3 LLC (d/b/a Babcock & Brown Rail Leasing)) and Tate & Lyle.

Assignment and Assumption Agreement dated as of December 21, 2007 among The Emerson Partnership, LLP, North America Rail Leasing #3, LLC and Babcock & Brown Rail Funding LLC, to the extent the same relates to Lease #1.

Bill of Sale dated December 21, 2007, from The Emerson Partnership, LLP to Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment subject to Lease #1.

Lease #2 – Chicago Freight Car Leasing Co.

Master Lease Agreement dated as of February 26, 1991, entered into by and between Babcock & Brown Rail Funding LLC (as ultimate assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

Acceptance Supplement No. 00101 to Master Lease Agreement dated as of February 26, 1991, entered into by and between Babcock & Brown Rail Funding LLC (as ultimate assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

Memorandum of Master Lease Agreement dated as of February 26, 1991, between Babcock & Brown Rail Funding LLC (as ultimate assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

Assignment and Security Agreement dated as of February 26, 1991, between Babcock & Brown Rail Funding LLC (as assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

First Amendment to Master Lease Agreement dated as of December 29, 1993, between Babcock & Brown Rail Funding LLC (as ultimate assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

Letter Agreement dated April 15, 1996, between Babcock & Brown Rail Funding LLC (as ultimate assignee of The CIT Group/Equipment Financing, Inc.) and Chicago Freight Car Leasing Co.

Lease Extension Agreement entered into as of November 11, 2004, effective as of February 27, 2005, between Babcock & Brown Rail Funding LLC (as ultimate assignee of North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing)) and Chicago Freight Car Leasing Co.

Notice, Acknowledgement and Lease Amendment dated as of April 27, 2001, effective as of May 29, 2001, between Babcock & Brown Rail Funding LLC, as seller, Babcock & Brown Rail Funding LLC (as ultimate assignee of The Emerson Partnership, LLP), as purchaser, and Chicago Freight Car Leasing Co., as lessee.

Addendum to Notice, Acknowledgement and Lease Amendment dated as of May 24, 2001, effective as of May 28, 2001, between Babcock & Brown Rail Funding LLC, as seller, Babcock & Brown Rail Funding LLC (as ultimate assignee of The Emerson Partnership, LLP), as purchaser, and Chicago Freight Car Leasing Co., as lessee.

Notice of Effective Date pursuant to Notice, Acknowledgment and Lease Amendment dated May 29, 2001, to Chicago Freight Car Leasing Co., as lessee, from Babcock & Brown Rail Funding LLC, as seller, Babcock & Brown Rail Funding LLC (as ultimate assignee of The Emerson Partnership, LLP), as purchaser.

Assignment and Assumption Agreement dated as of December 21, 2007 among The Emerson Partnership, LLP, North America Rail Leasing #3, LLC and Babcock & Brown Rail Funding LLC, to the extent the same relates to Lease #2.

Bill of Sale dated December 21, 2007, from The Emerson Partnership, LLP to Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment subject to Lease #2.

Exhibit B
(to Assignment
and Assumption Agreement)

BILL OF SALE

On this ____ day of June, 2008, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Babcock & Brown Rail Funding LLC ("Seller"), does hereby sell, transfer and assign to Texas Railcar Leasing Company ("Buyer") all of Seller's rights, title and interest in and to the equipment described in Exhibit A hereto (the "Equipment"), subject to the terms and conditions of the Purchase Agreement dated as of the date hereof (the "Purchase Agreement") and the Assignment and Assumption Agreement dated as of the date hereof, each between Seller and Buyer.

Seller represents and warrants to Buyer and its successors and assigns that at the time of delivery of the Equipment, Seller had legal title thereto and good and lawful right to sell the Equipment, and the Equipment was free and clear of all Liens (as defined in the Purchase Agreement), other than as described in Section 3.3 of the Purchase Agreement.

BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Name:
Title:

**Exhibit A
(to Bill of Sale)**

EQUIPMENT

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5413117_v1

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

6/20/08



Robert W. Alvord